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ABSTRACT

Achieving Change for Texans (ACT) was a demonstration program designed to help participants achieve independence from welfare through employment, training, temporary assistance, and support services. The ACT included the following four primary components: Time-Limited and Transitional Benefits (TL); Responsibilities, Employment, and Resources (RER); Incentives to Achieve Independence; and Temporary Assistance for Needy Families (TANF) One-Time Payments. At some RER sites (called Choice sites), welfare recipients agreed to a combination of RER and time limit provisions in return for an extra 6 months of transitional Medicaid and child care services. In June 1996-December 1997, a total of 39,116 welfare cases were assigned to either the control or experimental groups for one of the ACT components. Each component's early impacts were evaluated through a process evaluation, impact evaluation, and follow-up interviews. Very few differences in outcomes between the experimental and control groups were observed for the TL component. However, it appeared that the combination of RER and time limit provisions in the RER Choices experiment may be causing a statistically significant number of experimental group caretakers to leave and remain off TANF rolls in the early months of the experiment. (Twenty-four tables/figures are included. A technical appendix and additional statistical impacts are appended.) (MN)

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Achieving Change for Texans Evaluation

Net Impacts Through December 1997

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Major Highlights of Research Findings

This report includes net impacts of the Achieving Change for Texans (ACT) demonstration from June 1996 through December 1997, and describes early impacts of the Time Limits and Responsibilities, Employment and Resources (RER) interventions on welfare dynamics, labor market outcomes, participation in workforce development programs, and use of subsidized child care services. A total of 39,116 cases were assigned to either the experimental or control group for the ACT demonstration during the study period.

Major highlights of the impact findings through December 1997 for each component of the demonstration are summarized below:

- **Time Limits**

  Very few differences in outcomes between experimental and control groups were observed. Positive but very small net impacts were observed only for the transfer from TANF cash benefits to transitional benefits and the percentage of cases using subsidized child care each month. By the end of December 1997, only 92 persons had exited TANF in Bexar County because of reaching their time limit.

  Due to the length of time needed for time limits to take effect for Tier II and Tier III recipients, more time needs to elapse before the true impacts of this experiment can be measured for these recipients.

- **Responsibilities, Employment and Resources**

  Choices Research Sites. In Choices research sites, RER experimental group members spent a statistically significant smaller portion of time on TANF than their control group counterparts. Nearly 61 percent of caretakers in the experimental group exited from welfare compared to 58.2 percent for the control group. Penalty-related exits comprised 15 percent of all exits for the experimental group. Members of the experimental group also experienced a statistically significant lower rate of welfare recidivism in the year following exit (34.6 percent) than control group members (38.7 percent). No statistically significant differences in employment rates or earnings between the two groups were observed.

  Taken together, these findings suggest that the combination of RER and time limits provisions in the RER Choices experiment may be causing a statistically significant number of experimental group caretakers to leave and remain off the TANF rolls in the early months of the experiment. However, there is as yet no evidence, based on UI wage records, that these persons are becoming employed at higher rates.

  Non-Choices Sites. In Non-Choices sites, welfare dynamics results for the first year of the RER experiment indicated that experimental group members spent a statistically significant smaller portion of time on TANF than their counterparts in the control group. No significant differences were found for any of the other welfare exit measures. Also, no significant differences between the experimental and control groups were found for employment, earnings, or any of the child care measures.

  Primarily due to the small sample and the fact that the data include only early months of the Non-Choices experiment, it would be premature to infer much from the interim findings for this experiment at this time.

Executive Summary

In 1995, the Texas Legislature enacted H. B. 1863, which formed the basis for Texas' waiver from existing Federal laws governing the Aid to Families with Dependent Children (AFDC) program.[1] The Texas waiver, officially known as the Achieving Change for Texans (ACT) demonstration, aims to assist participants to achieve independence from welfare through an increased emphasis on employment, training, temporary assistance and support services. It includes four primary components:

- Time-Limited and Transitional Benefits (TL)
- Responsibilities, Employment and Resources (RER)
- Incentives to Achieve Independence (IAI)
- TANF One Time Payments

The ACT demonstration was first implemented in June 1996 and is scheduled to continue operating through March 2002. The Texas Department of Human Services (DHS) is responsible for implementation and oversight of the ACT demonstration.

The evaluation of the ACT demonstration consists of three approaches: a process evaluation, conducted by the DHS Office of Program Analysis and Evaluation; an impact analysis, conducted by the Center for the Study of Human Resources (CSHR) of the LBJ School of Public Affairs at the University of Texas at Austin; and follow-up interviews, conducted by the School of Social Work at the University of Texas at Austin, with persons who reached their time limits or who elected to receive TANF One Time payments instead of entering TANF.

This report includes net impacts of the ACT demonstration from its inception in June 1996 through December 1997, and describes early impacts of the time limits and RER experiments on welfare dynamics, client self-sufficiency, participation in workforce development programs, and use of subsidized child care services.[2] Later reports will extend the period for which net impacts are computed, and also will measure the impact

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[1] Since the passage of H.B. 1863, the AFDC program has been replaced by a new cash assistance program called Temporary Assistance For Needy Families (TANF). This report will use the term, TANF, to refer to Texas' cash assistance program for welfare recipients.

[2] The TANF One-Time payment component is not included in the impact analysis because it was not implemented as a randomized experiment. Implementation of Incentives to Achieve Independence (IAI) has not yet occurred.

of the demonstration on children, including their education, immunization, and need for child protective services.

Demonstration Components Included in this Analysis

Time-Limited and Transitional Benefits

This statewide initiative limits the number of months that able-bodied adult caretakers can receive TANF benefits. It provides 12 months of transitional Medicaid and child care for all persons reaching their time limits and 18 months to persons who voluntarily participate in the Choices program.

The time limit placed on each caretaker's TANF benefits is based on his/her work history and educational attainment. The most job-ready clients (Tier I) are eligible for up to 12 months of cash assistance after notification of an opening in the Choices program[3]. Less job-ready clients (Tier II) may receive up to 24 months of benefits after Choices notification, and the least job-ready clients (Tier III) may receive as many as 36 months of cash assistance.[4]

Adult clients who exhaust their time-limited benefits are disqualified from receiving TANF for five years. Exemptions to this freeze-out period are granted if local economic conditions or severe personal hardships exist which prevent the client from remaining independent of TANF.

The time limits experiment is being evaluated in Bexar County. Adult caretakers assigned to the experimental group are subject to both time limits and RER provisions while control group members must only meet RER requirements (see below). Implementation of this experiment began in June 1996.

Responsibilities, Employment, and Resources in Choices Counties

The Personal Responsibility Agreement (PRA) is a central feature of RER that requires adult TANF applicants and recipients to comply with specific responsibilities as a condition of TANF eligibility. Responsibilities include:

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[3] The Choices program has replaced the Texas JOBS program.

[4] The 36-month "clock" does not begin "ticking" until twelve months after an in-depth assessment has been completed for Tier III individuals who are offered an opportunity to participate in the Texas Choices program.

- compliance with Choices program participation requirements;
- cooperation with child support and paternity establishment efforts;
- completion of regularly-scheduled Texas Health Steps screenings for children;[5]
- compliance with immunization requirements for pre-school children;
- compliance with school attendance policies for children; and
- participation in parenting skills training classes if referred.

Under the PRA, parents also must:

- not voluntarily quit a paying job of at least 30 hours per week; and
- refrain from selling or abusing illegal or controlled substances or abusing alcohol.

Clients who fail to comply with PRA requirements without good cause will receive a financial penalty. Failure to comply with Choices participation or child support cooperation requirements results in a $78 dollar penalty per month of non-compliance for single-parent families, and a $125 per month penalty for two-parent families. Failure to comply with other PRA requirements carries a $25 per month per non-compliance penalty, with a maximum penalty of $75 per month.

Other RER provisions include the disregard of children's earnings and resources in the calculation of family benefits, increased resource limits permitted for eligibility determination, and the elimination of the work history requirement and 100-hour work rule for TANF-Unemployed Parent (TANF-UP) families.

RER is being evaluated in four offices in Choices counties (Beaumont, Odessa, the Dillon office in Corpus Christi, and the Clint office in El Paso). Persons in these locations who are assigned to the experimental group must comply with both RER and time limit provisions. Neither of these welfare reform provisions are applicable to control group members, who were subject to sanctions under the pre-welfare-reform rules..[6] RER in these sites was implemented in June 1996, with time limit provisions added in January 1997.

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[5] Texas Health Steps (THSteps) is the Texas version of the Medicaid program known as Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program.

[6] While the Clint office is located in a Choices county, it does not currently offer Choices services due to remoteness. Because of this difference from other RER-Choices sites, results from the Clint office are not reported with other RER-Choices results.

Responsibilities, Employment, and Resources in Non-Choices Counties

Many rural counties in the state currently do not offer Choices services to TANF recipients. The RER experiment is being evaluated in four offices in Non-Choices counties (Hondo, Huntsville, Lockhart and Luling). RER provisions are identical to those described above except for those related to Choices participation. In these sites, experimental group members are subject to RER provisions while control group members do not have to meet RER requirements, but were subject to pre-welfare-reform rules. Because time limits are tied to an offer of participation in the Choices program, neither group is subject to time limit provisions. RER in Non-Choices counties was implemented in January 1997.

Research Questions

Each of the treatments is expected to influence welfare recipients' behavior in the areas of welfare dynamics, client self-sufficiency, participation in workforce development programs, education and immunization of children, the use of subsidized child care and child protective services. A number of variables for each of these research questions has been developed to measure the demonstration's effect on these measures.

Methodological Approaches

Data Sources

The research data set for this evaluation was created by linking a number of administrative data files on program participation, demographic characteristics, and outcomes at the individual and case levels across agencies, and programs and over time. This report includes data collected from the Texas Department of Human Services (DHS) and the Texas Workforce Commission (TWC). Data from most sources were collected from June 1994, two years prior to the beginning of the ACT demonstration, through December 1997.

Data needed to measure education, immunization, and child protective services outcomes were not available for this report. Net impacts on those measures will be incorporated into future reports as the requisite data become available.

Statistical Methods

The impact analysis utilizes an experimental research design in which persons were randomly assigned to experimental and control groups when they either began receiving TANF benefits or were recertified for benefits. Most of the analyses were performed using data covering the entire experimental and control populations. For some research questions, additional analyses were conducted for subgroups of the population.

Tests of random assignment were conducted to verify that any differences between the experimental and control groups occurred only by chance. After determining that each experiment passed the tests of random assignment, unadjusted net impacts were computed by comparing the differences between the means of the experimental and control groups. These results were then adjusted to account for demographic differences between the groups to produce adjusted net impacts.

Potential Limitations of Analysis

Some of the factors that could limit the usefulness of this analysis include:

- The short time from the beginning of the demonstration to the date of this report;
- Different lengths of time available to follow evaluation participants due to their entering the evaluation in different time periods;
- The inability to obtain some of the administrative data files needed to analyze several of the research questions; and
- Possible contamination of treatments caused by caseworkers, by word of mouth or news reports, or by other agencies' non-experimental treatments.

Most of these limitations can be overcome by allowing more time to elapse prior to completing this analysis.

Summary of Findings from Each Experiment

From June 1996 through December 1997, a total of 39,116 cases were assigned to either the control or experimental group for one of the ACT components. Impact findings through December 1997 for each component of the demonstration are summarized below.

Time Limits

The time limit experiment was implemented in June 1996. By the end of December 1997, 25,552 cases were assigned to participate as either experimental or control group members. Test of random assignment revealed no statistically significant differences between the two groups.

Very few differences in outcomes between experimental and control groups in the time limits experiment were observed for the period of study included in this report. After analyzing welfare dynamics, self-sufficiency, participation in workforce development services, and use of subsidized child care, positive net impacts were observed only for transfer from TANF cash benefits to transitional benefits and the percentage of cases using subsidized child care each month.[7] The magnitude of both of these impacts were quite small (0.9% for transfer to transitional benefits and 0.25% for cases using subsidized child care monthly). Approximately 13 percent of all exits for both the experimental and control groups occurred in the month of or the month following the assessment of a penalty for failure to comply with PRA provisions.

By the end of December 1997, only 92 persons had exited TANF in Bexar County because of reaching their time limit. Due to the length of time needed for time limits to take effect for Tier II and Tier III recipients, more time needs to elapse before the true impacts of this experiment can be measured for these recipients.

RER Choices Experiment

From June 1996 through December 1997, 9,566 cases were assigned to participate in the RER Choices experiment as either experimental or control group members. Tests of random assignment revealed no statistically significant differences between the two groups.

In the first 19 months of the RER experiment in Choices counties, a statistically significant difference in the proportion of time spent on welfare was observed, with the experimental group spending less time on TANF than their counterparts in the control group. There was also a statistically significant difference in the rate of transfer to

[7] Transitional benefits include cases in program types 7, twelve months post MEDICAID resulting from increase in earnings or combined increase in earnings and child support, 20, four months post MEDICAID coverage resulting from increase in child support, 29, twelve or eighteen months transitional MEDICAID after expiration of TANF time-limited, and 37, twelve months post MEDICAID coverage resulting from loss of 30+1/3 disregard.

medical assistance-only status, transitional benefits-only status and to payee-only status. The experimental group had higher rates of transfer to medical assistance-only and transitional benefits-only status, and lower rates of transfer to payee-only status, relative to the control group. These patterns contribute to the finding of a relatively small difference in the overall caretaker exit rates for the two groups, with 60.8 percent of caretakers in the experimental group exiting welfare compared to 58.2 percent for the control group. Penalty-related exits[8] comprised 15 percent of all exits for experimental group members.

A statistically significant difference in the rate of welfare recidivism in the year following exit was observed between the experimental and control groups, with the experimental group members experiencing a lower rate (34.6 percent) than control group members (38.7 percent). Although experimental group members left and remained off TANF at higher rates than control group members, there were no statistically significant differences in employment rates or earnings between the two groups, based on earnings data from UI wage records. A small but statistically significant difference in the rate of Choices participation was observed, with members of the experimental group having lower Choices participation rates than control group members due to lower levels of participation in education and job search activities.

Finally, although there was no statistically significant difference in the rates of child care usage between the two groups, there was a statistically significant difference in the amount of subsidy per month. The experimental group members used a larger amount of child care subsidy ($199) per child-month than their counterparts in the control group ($190). This finding, when coupled with the finding of higher transfers from cash assistance to transitional benefits, suggests that experimental group members may be using the larger child care subsidy to assist in their transition from welfare to work.

Taken together, these findings suggest that the combination of RER and time limits in the RER Choices experiment may be causing a number of caretakers to leave and remain off the TANF rolls in the early months of the experiment. However, based on UI wage records, there is no evidence as yet that these persons are becoming employed at

[8] For the purpose of this report, penalty-related exits are defined as exits from TANF accompanied by a penalty in the same month or prior month.

higher rates. These measures, along with additional measures of child well-being, will continue to be examined in future reports.

RER Non-Choices Experiment

The RER experiment in Non-Choices research sites was implemented in January 1997. By the end of December 1997, 1,358 cases were assigned to participate as experimental or control group members. While no statistically significant differences were observed between the sizes of the two groups, there are some differences in the demographic characteristics of the groups.

Analysis of welfare dynamics for the first year of the RER experiment in Non-Choices counties showed a statistically significant difference in the proportion of time spent on TANF between the experimental and control groups, with experimental group members spending less time on TANF than their counterparts in the control group. However, no statistically significant differences were found for any of the other welfare exit measures. The inconsistency between results for the proportion of time spent on TANF and other welfare exit measures is probably due to the relatively short time period available in which to calculate welfare exits and the small sample size of participants in this experiment. Approximately five percent of all exits were penalty-related. As of December 1997, insufficient time had elapsed to calculate welfare recidivism rates for this experiment.

No statistically significant differences between the experimental and control groups were found for employment, earnings, or any of the child care measures. A statistically significant difference in the rate of JTPA participation was observed, with experimental group members having lower JTPA participation rates than control group members. While it was statistically significant, the magnitude of the difference between the two groups was not very large—amounting to less than 0.5 percentage points.[9]

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[9] Statistical procedures have been applied to determine whether observed differences between the control and experimental group are due to chance or are a consequence of the experimental treatments. If the difference is large enough that it may not be attributed to chance, then the difference is said to be "statistically significant." Because of the large sample sizes used in some of the experiments, the statistical estimates of the experimental effect are unusually precise relative to most social science research. Because of this great precision, it is often the case that an estimated difference may be "statistically significant" but still be quite trivial.

Primarily due to the limited time period included in this report and the small sample size in this experiment, it would be premature to infer much from the interim findings for this experiment.

Future Reports

Future evaluation reports on the ACT demonstration will report impacts on all of the measures included in this report, as well as impacts of the demonstration on various children's outcomes. The final report, due in May 2002, will include impacts through December 2001.

1. Overview

In 1995, the Texas Legislature enacted H. B. 1863, which formed the basis for Texas' waiver from existing Federal laws governing the Aid to Families with Dependent Children (AFDC) program.[10] The Texas waiver, officially known as the Achieving Change for Texans (ACT) demonstration, aims to assist participants to achieve independence from welfare through an increased emphasis on employment, training, temporary assistance and support services. The demonstration, designed to test a number of policy provisions to reduce dependence, encourage personal responsibility, and increase savings, includes four primary components:

- Time-Limited and Transitional Benefits (TL)
- Responsibilities, Employment and Resources (RER)
- Incentives to Achieve Independence (IAI)
- TANF One-Time Payments

The ACT demonstration was first implemented in June 1996 and is scheduled to continue operating through March 2002. The Texas Department of Human Services (DHS) is responsible for implementation and oversight of the ACT demonstration.

The evaluation of the ACT demonstration consists of three approaches: a process evaluation, which is being conducted by the DHS Office of Program Analysis; an impact analysis, which is being conducted by the Center for the Study of Human Resources (CSHR) of the LBJ School of Public Affairs at the University of Texas at Austin; and follow-up interviews, conducted by the School of Social Work at the University of Texas at Austin, with persons who reached time limits and elected to receive TANF One Time.

This report includes net impacts of the ACT demonstration from its inception in June 1996 through December 1997, and describes early impacts of the time limits and RER experiments on welfare dynamics, client self-sufficiency, participation in workforce development programs, and use of subsidized child care services[11]. Later reports will

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[10] Since the passage of H.B. 1863, the AFDC program has been replaced by a new cash assistance program called Temporary Assistance For Needy Families (TANF). This report will use the term, TANF, to refer to Texas' cash assistance program for welfare recipients.

[11] The TANF One-Time payment component is not included in the impact analysis because it was not implemented as a randomized experiment. Implementation of Incentives to Achieve Independence (IAI) has not yet occurred.

extend the period for which net impacts are computed, and also will measure the impact of the demonstration on children, including their education, immunization, and need for child protective services.

2. Impact Analysis

The purpose of the impact analysis is to measure the net impact of the Time-limited and transitional benefits (TL) and Responsibilities, Employment, and Resources (RER) components of the Achieving Change for Texans (ACT) demonstration on a number of measures of client well-being. To accomplish this objective, participants were randomly assigned to experimental and control groups in each of the research sites for the TL and RER demonstration components. Different sites were chosen to measure the effects of RER in both Choices and Non-Choices locations.

2.1 Demonstration Components Being Evaluated

2.1.1 Time-Limited and Transitional Benefits

This statewide initiative limits the number of months that able-bodied adult caretakers can receive TANF benefits. It provides 12 months of transitional Medicaid and child care for all persons reaching their time limits and 18 months to persons who voluntarily participate in the Choices program.

The time limit placed on each caretaker's TANF benefits is based on his/her work history and educational attainment. The most job-ready clients (Tier I) are eligible for up to 12 months of cash assistance after notification of an opening in the Choices program. [12] Less job-ready clients (Tier II) may receive up to 24 months of benefits after Choices notification, and the least job-ready clients (Tier III) may receive as many as 36 months of cash assistance.[13]

Adult clients who exhaust their time-limited benefits are disqualified from receiving TANF for five years. Exemptions to this freeze-out period are granted if local

[12] The Choices program has replaced the Texas JOBS program.
[13] The 36-month "clock" does not begin "ticking" until twelve months after an in-depth assessment has been completed for Tier III individuals who are offered an opportunity to participate in the Texas Choices program.

economic conditions or severe personal hardships exist which prevent the client from remaining independent of TANF.

The time limits experiment is being evaluated in Bexar County. Adult caretakers assigned to the experimental group are subject to both time limits and RER provisions while control group members must only meet RER requirements. Implementation of this experiment began in July 1996.

2.1.2 Responsibilities, Employment, and Resources in Choices Counties

The Personal Responsibility Agreement (PRA) is a central feature of RER that requires adult TANF applicants and recipients to comply with specific responsibilities as a condition of TANF eligibility. Responsibilities include:

- compliance with Choices program participation requirements;
- cooperation with child support and paternity establishment efforts;
- completion of regularly-scheduled Texas Health Steps screenings for children;[14]
- compliance with immunization requirements for pre-school children;
- compliance with school attendance policies for children; and
- participation in parenting skills training classes if referred.

Under the PRA, parents also must:

- not voluntarily quit a paying job of at least 30 hours per week; and
- refrain from selling or abusing illegal or controlled substances or abusing alcohol.

Clients who fail to comply with PRA requirements without good cause will receive a financial penalty. Failure to comply with Choices participation or child support cooperation requirements results in a $78 dollar penalty per month of non-compliance for single-parent families, and a $125 per month penalty for two-parent families. Failure to comply with other PRA requirements carries a $25 per month per non-compliance penalty, with a maximum penalty of $75 per month.

Other RER provisions include the disregard of children's earnings and resources in the calculation of family benefits, increased resource limits permitted for eligibility

[14] Texas Health Steps (THSteps) is the Texas version of the Medicaid program known as Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program.

determination, and the elimination of the work history requirement and 100-hour work rule for TANF-Unemployment Parent (TANF-UP) families.

RER is being evaluated in four offices in Choices counties (Beaumont, Odessa, the Dillon office in Corpus Christi, and the Clint office in El Paso).[15] Persons in these locations who are assigned to the experimental group must comply with both RER and time limit provisions. Neither of these welfare reform provisions are applicable to control group members. RER in these sites was implemented in June 1996, with time limit provisions added in January 1997.

2.1.3 Responsibilities, Employment, and Resources in Non-Choices Counties

Many rural counties in the state currently do not offer Choices services to TANF recipients. The RER experiment is being evaluated in four offices in such counties (Hondo, Huntsville, Lockhart and Luling). RER provisions are identical to those described above except for those related to Choices participation. In these sites, experimental group members are subject to RER provisions while control group members do not have to meet RER requirements. Because time limits are tied to an offer of participation in the Choices program, neither group is subject to time limit provisions. RER in Non-Choices counties was implemented in January 1997.

2.2 Research Questions

Each of the treatments is expected to influence welfare recipients' behavior in the areas of welfare dynamics, client self-sufficiency, participation in workforce development programs, education and immunization of children, and the use of subsidized child care and child protective services. The net impacts of each experiment on these outcomes will be measured, with the expected directions of the impacts summarized in Table 1.

[15] While the Clint office is located in a Choices county, it does not currently offer Choices services due to remoteness. Because of this difference from other RER-Choices sites, the Clint office was analyzed as a separate experiment. Results are included in Appendix B.

Table 1. Summary of Expected Treatment Impacts for Outcomes

Outcomes	Treatments		
	TL	RER in Choices	RER in Non-Choices
Promote self-sufficiency	+	+	+
Promote education and immunization of children			
Welfare dynamics	+	+	+
Access to subsidized child care	?	+	+
Participation in workforce development services	?	+	
Child protective services			

Key: "+" means the treatment is expected to have a positive effect on the outcome.
"-" means the treatment is expected to have a negative effect on the outcome.
"?" means the treatment is expected to have an effect on the outcome, but the direction is ambiguous.
Blank cell means the treatment is not expected to have an effect on the outcome.
Shaded cell means the data were not available for this report.

2.3 Methodological Approaches

2.3.1 Specific Variables to be Analyzed and Data Sources Used

For each of the outcomes identified above, a set of variables was created from existing administrative data files to measure the effects of the ACT demonstration. These are summarized in Table 2. Variables and data sources used to create them are described more fully in Appendix A.

Data from most sources were collected from June 1994, two years prior to the beginning of the ACT demonstration, through December 1997[16]. CSHR researchers are still negotiating with several agencies to obtain the data files needed to measure education, immunization, and child protective services outcomes. Data from other sources, including child support and higher education, were not received in time to be included in this report. Results from these data sources will be incorporated into future reports as they become available.

[16] For this report, child care data files were only available through June 1997.

Table 2. Specific Variables Analyzed

Outcomes	Variables to be Analyzed	Data Source
Promote self-sufficiency	Employment, earnings, total family income, child support collections	Department of Human Services administrative data, Texas Workforce Commission UI wage data, Office of Attorney General data
Promote education and immunization of children[17]	School attendance, immunization, penalties imposed for failure to obey school attendance and immunization provisions.	Department of Human Services administrative data, Texas Education Agency Public Education Information Systems Management System (PEIMS) data, Texas Department of Health ImmTrac data
Welfare dynamics (entries, exits, recidivism)	Administrative data regarding: TANF spells, penalties, time-limit clocks	Department of Human Services administrative data
Subsidized child care	Subsidized child care spell dates and number of children covered	Department of Human Services child care payment data, Texas Workforce Commission Child Care Management System data
Participation in workforce development services	Choices scheduled and actual participation hours by component activity; JTPA; post-secondary participation data	Texas Workforce Commission, Texas Higher Education Coordinating Board program participation data
Child protective services[18]	Child abuse and neglect (number of substantiated investigations by protective agency); foster care placement	Child Protective Services data

2.3.2 Statistical Methods

The impact analysis utilizes an experimental research design in which persons were randomly assigned to experimental and control groups when they either began receiving TANF benefits or were recertified for benefits. Most of the analyses were

[17] Data to measure these outcomes were not available for this report.
[18] Data to measure these outcomes were not available for this report.

performed using data covering the entire experimental and control populations. For some research questions, additional analyses were conducted for subgroups of the population. In analyzing time limits, for example, it is necessary to group the population by time-limit tiers because each tier is expected to respond differently to time limits.

In a random experiment, the characteristics of the experimental and control groups should differ only by chance.[19] However, tests of random assignment were conducted to identify any statistically significant differences remaining in either the number of persons assigned to the experimental and control groups or the characteristics of persons in each group. Any differences between the groups were investigated for their potential for biasing statistical impacts.

After determining that each experiment passed the tests of random assignment, unadjusted net impacts were computed by comparing the differences between the means of the experimental and control groups. These results were then statistically adjusted to account for demographic differences between the groups to produce adjusted net impacts.[20]

2.3.3 Potential Limitations of Analysis

Some of the factors that could limit the usefulness of this analysis include:

- The short time from the beginning of the demonstration to the date of this report;
- Different lengths of time available to follow evaluation participants due to their entering the evaluation in different time periods;
- The inability to obtain some of the administrative data files needed to analyze several of the research questions; and
- Possible contamination of treatments caused by caseworkers, by word of mouth or news reports, or by other agencies' non-experimental treatments.[21]

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[19] Statistical procedures have been applied to determine whether observed differences between the control and experimental group are due to chance or are a consequence of the experimental treatments. If the difference is large enough that it may not be attributed to chance, then the difference is said to be "statistically significant." Because of the large sample sizes used in some of the experiments, the statistical estimates of the experimental effect are unusually precise. Because of this great precision, it is often the case that an estimated difference may be "statistically significant" but still be quite small.

[20] The adjustment is accomplished by means of linear regression. The dependent variable for each regression is the outcome for which the impact is being estimated. The independent variables include a dummy variable equal to one if the case was in the experimental group and zero otherwise, and a set of demographic descriptors such as age, race and education. The regression coefficient for the experimental group dummy variable estimates the adjusted net effect of the experimental treatment.

[21] These limitations are discussed more fully in Appendix A.

Some of these limitations can be overcome simply by having more time to observe outcomes for evaluation subjects. CSHR and DHS are continuing negotiations with several state agencies to obtain the additional administrative data needed for this analysis. As new and potentially contaminating events occur, CSHR researchers are reviewing these to verify that any contamination falls equally upon experimental and control groups.

3. Estimated Statistical Impacts To Date

From June 1996 through December 1997, a total of 39,116 subjects were assigned to either the experimental or control group for one of ACT components. Table 3 provides sample sizes for each group by experiment.

Table 3. Number of Subjects Assigned

	Experiment								
	Time Limits		RER Choices		RER Non-Choices		Clint		**Total**
Time period of analysis (from/to)	07/96	12/97	07/96	12/97	1/97	12/97	07/96	12/97	
Experimental	12,735		4,848		693		1,420		19,696
Control	12,817		4,718		665		1,220		19,420
Total	25,552		9,566		1,358		2,640		39,116

Impacts for the time limits, RER-Choices and RER Non-Choices components of the ACT demonstration through December 1997 are summarized below. Due to the short time period that elapsed from the beginning of the demonstration through the end of the period included in this report, many of these short-term results may be influenced by persons who were already receiving TANF at the beginning of the demonstration and may change in subsequent analyses that are based on more complete data.

3.1 Time Limits Experiment

From June 1996 through December 1997, 25,552 cases were assigned to participate in the time limits experiment as either experimental or control group

members. As can be seen in Figure 1, most of these cases were already receiving TANF at the beginning of the experiment. Tests of random assignment revealed no statistically significant differences in either the number of persons assigned to experimental or control groups or in the demographic characteristics of the caseheads (Table 4). Thus, for the time period included in this report, the time limits experiment passed all tests of random assignment.

Figure 1. Number of Cases Assigned to Time Limits (by month)

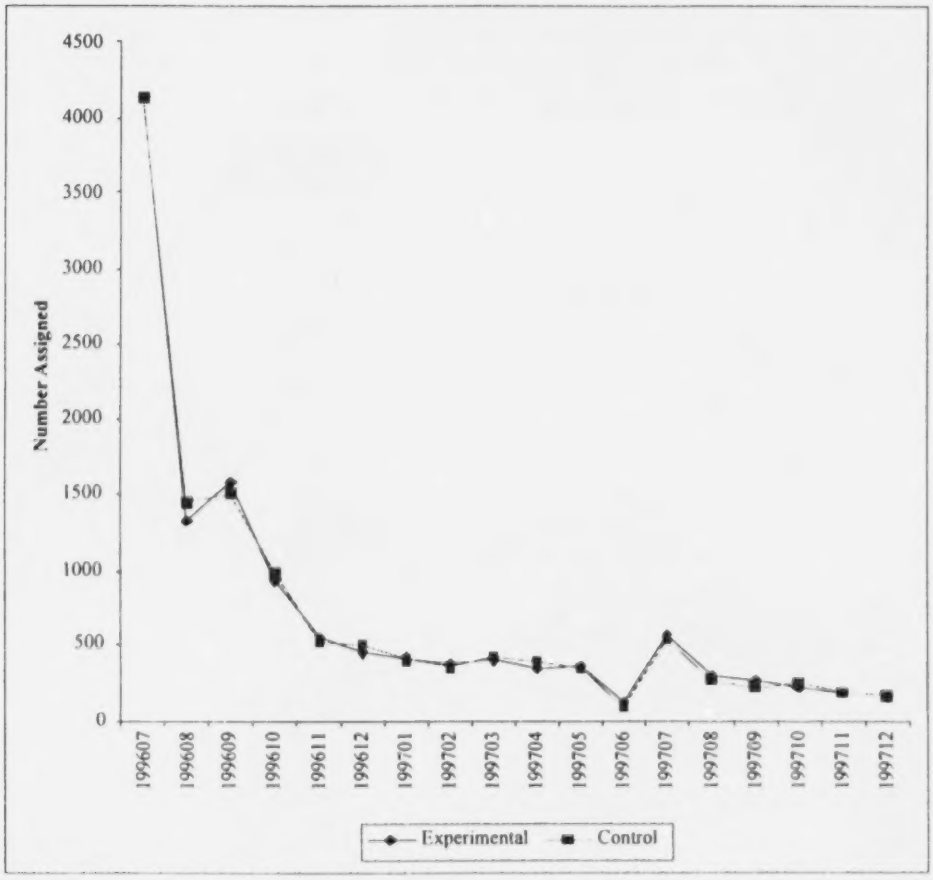

Table 4. Time Limits Experiment: Characteristics of Experimental and Control Group Members at Random Assignment

Attribute	Experimental	Control	Experimental-Control Difference
Did not finish high school	21.2%	21.6%	-0.4%
Male	5.8%	6.0%	-0.2%
Black	13.5%	14.1%	-0.6%
Hispanic	73.2%	72.3%	0.9%
Age (in years)	30.8	30.7	0.1
Months on TANF out of last 12 months	6.8	6.8	0.0
Months employed out of last 12 months	3.6	3.6	0.0
Any employment in last 12 months	48.5%	48.3%	0.2%
Total UI earnings in last 12 Months	$1,806	$1,839	$33
In TANF UP at time of random assignment	3.1%	3.1%	0.0%

None of the experimental-control differences were statistically significant

Net impacts of the time limit experiment on welfare dynamics, self-sufficiency, participation in workforce development services, and use of subsidized child care are discussed below.[22]

3.1.1 Welfare Dynamics

3.1.1.1 Welfare Exits and Recidivism

Table 5 shows that there were no statistically significant differences between participants in the experimental and control groups in total exit rate, or transfers from TANF cash assistance to medical assistance-only and payee-only status. However, statistically significant differences were observed in the rate of transfer to transitional benefits only status, with members of the experimental group transferring to transitional benefits-only status at a higher rate than their control group counterparts.[23]

[22] A description of how each statistical measure was calculated is included in Appendix A.

[23] Transitional benefits include cases in program types 7, twelve months post MEDICAID resulting from increase in earnings or combined increase in earnings and child support, 20, four months post MEDICAID coverage resulting from increase in child support, 29, twelve or eighteen months transitional MEDICAID

The table also shows the recidivism rates for the time limits experiment. No statistically significant difference between the experimental and control groups were observed for either one-year recidivism rates or average time to recidivism.

Table 5. Welfare Exits and Recidivism for Time Limits

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Proportion of time spent on TANF out of maximum possible	62.9%	61.3%	-0.2%	-0.2%
Exits				
Total caretaker exit rate	51.6%	52.1%	-0.7%	-0.5%
Rate of transfer to medical assistance only status	11.0%	10.4%	0.6%	0.6%
Rate of transfer to transitional benefits only status	11.2%	10.5%	0.7%*	0.9%**
Rate of transfer to payee-only or case-name only status[24]	6.7%	6.5%	0.2%	0.3%
Recidivism[25]				
One-year recidivism rate for all exits	28.4%	28.8%	-0.4%	-0.4%
Average months to recidivism for exits followed by recidivism	2.27	2.29	-0.02	-0.01

** statistically significant at 5% level
* statistically significant at 10% level

3.1.1.2 Time-Limit Induced Exit Rates

One of the expected outcomes of the time limits component of the experiment was that some of the participants on whom time limits provisions were imposed would be forced to leave the welfare rolls when their time limits had been reached. The magnitude of this impact can be estimated by tabulating the number of forced exits and the rate of forced exits out of the total caseload. By December 1997, only 92 exits occurred among Tier I clients due to their reaching their time limit. This accounted for 1.4 percent of all Tier I cases. Because only 19 months had elapsed between the beginning of the

after expiration of TANF time-limited, and 37, twelve months post MEDICAID coverage resulting from loss of 30+1/3 disregard.

[24] Payee-only and case-name only status covers those adult recipients whose needs are no longer included in (dropped off from) the TANF cash grants but their children remain on active cases.

[25] Federal project reviewers have suggested that there may be possible bias in the recidivism estimates due to self-selection. Future reports will discuss the possibility of self-selection bias in more depth.

experiment and the end of the period covered by this report, no Tier II or Tier III clients were forced to exit TANF due to the expiration of their time limits.

3.1.1.3 Penalty Rates

In the time limits experiment, both experimental and control group members were subject to financial penalties for failure to comply with provisions of the PRA.[26] Table 6 indicates that approximately eight percent of case months were spent in penalty status for both experimental and control group members through December 1997. While statistically significant differences between the two groups were observed in child support, drug abuse, and 2nd offenses in the Choices program, the magnitude of the differences was quite small. The average length of completed penalties is slightly less than three months for each group.

For the purpose of this report, penalty-related exits are defined as exits from TANF accompanied by a penalty in the same month or prior month. As shown in Table 6, penalty-related exits comprised approximately 13 percent of all exits for both experimental and control group members. No statistically significant differences were found between the two groups for this measure.

[26] The variable used to measure penalties in this report records each identified penalty and its scheduled duration. Data for the actual amount of financial penalties assessed will be included in future reports.

Table 6. Penalties Identified in Time Limits Experiment

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percent of case-months in penalty status				
School Attendance	2.79%	2.76%	0.03%	0.03%
Child Support	1.79%	2.00%	-0.21%***	-0.21%***
Drug Abuse	0.03%	0.06%	-0.03%***	-0.03%***
Texas Health Steps	1.19%	1.23%	-0.04%	-0.04%
Choices 1st Offense	1.41%	1.38%	0.04%	0.03%
Choices 2nd Offense	0.58%	0.49%	0.09%***	0.08%***
Choices 3rd Offense	0.45%	0.40%	0.05%*	0.05%*
Immunization	0.82%	0.89%	-0.07%	-0.07%
Parenting Skills	0.07%	0.07%	-0.01%	-0.01%
Voluntary Quit	0.04%	0.05%	-0.01%	-0.01%
Any Penalty	8.37%	8.49%	-0.11%	-0.11%
Average Length of Penalties (months)				
School Attendance	3.58	3.70	0.11	0.11
Child Support	2.86	2.57	-0.28***	-0.26**
Drug Abuse	3.53	3.70	0.17	-0.30
Texas Health Steps	2.60	2.59	-0.01	-0.01
Choices 1st Offense	2.06	2.09	0.04	0.04
Choices 2nd Offense	2.42	2.55	0.14	0.14
Choices 3rd Offense	2.73	2.76	0.10	0.10
Immunization	3.38	3.57	0.18	0.18
Parenting Skills	2.80	3.04	-0.09	-0.09
Voluntary Quit	1.96	1.67	-0.29	-0.29
Any Penalty	2.95	2.91	-0.04	-0.04
Rate of penalty-related exits	12.88%	13.10%	0.22%	0.20%

*** statistically significant at 1% level
** statistically significant at 5% level
* statistically significant at 10% level

3.1.2 Self-Sufficiency

Table 7 shows that there were no statistically significant differences between participants in the experimental and control groups with respect to the percent of quarters during which the caretaker earned wages of any amount or the number of quarters in which caretakers were employed in the year following random assignment. In addition, no statistically significant differences were observed between participants in the experimental and control groups for any of the five earnings variables.

Table 7. Employment and Earnings for Time Limits

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Employment				
Percent of quarters during which caretaker had wages of any amount	35.5%	35.5%	0.0%	0.00
Percent of caretakers who were employed in all four quarters in the year after random assignment	6.4%	6.7%	-0.2%	0.00
Percent of caretakers who were employed in at least three quarters in the year after random assignment	12.5%	13.0%	-0.5%	0.00
Earnings				
Average quarterly caretaker wages (including quarters of zero wages)	$557	$557	$0	$5
Average quarterly caretaker wages (excluding quarters of zero wages)	$1,569	$1,571	-$2	-$5.09
Average quarterly family wages earned	$671	$682	-$11	-$4.62
Percent of quarters during which caretaker wages exceeded 155% of poverty	0.3%	0.2%	0.1%	0.05%
Percent of quarters during which family earnings exceeded 155% of poverty	0.4%	0.3%	0.0%	0.00

None of the experimental-control differences or adjusted net impacts were statistically significant

3.1.3 Participation in Workforce Development Services

Data on participation in the Choices program and other workforce development services (e.g., JTPA) were analyzed to determine whether the treatments may have led to an increase in participation in workforce development services among the experimental group. As can be observed in Table 8, no statistically significant differences in rates of participation in workforce development services were observed during the early months of the time limits experiment.

Table 8. Workforce Development Participation for Time Limits

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percent participating in Choices program	8.14%	8.13%	0.01%	0.01%
Average hours of Choices participation per month	85.84	86.53	-0.69	-0.64
Percent participating in JTPA	0.91%	0.93%	-0.02%	-0.02%

None of the experimental-control differences or adjusted net impacts were statistically significant

3.1.4 Subsidized Child Care

Table 9 highlights the effects of the experiment on the use of subsidized child care (SCC).[27] A statistically significant but very small difference (0.25%) between participants in the experimental and control groups was observed in the rate of SCC usage at the case level monthly, with participants in the experimental group using subsidized child care more often than the members of the control group. However, there were no statistically significant differences between groups for the percentage of children using SCC monthly or subsidy amount per child-months.

Table 9. Subsidized Child Care for Time Limits

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percentage of cases using SCC monthly	3.98%	3.88%	0.09%	0.25%**
Percentage of children using SCC monthly	3.13%	3.10%	0.03%	0.06%
Subsidy per child-month using SCC	$240	$236	$4	-$2

** statistically significant at 5% level

[27] Subsidized child care (SCC) services are offered to eligible current and former TANF-recipient families under a number of different programs including Choices, Transitional, and At-Risk (income-eligible) Child Care. In this report, all child care subsidies administered by the CCMS system or by DHS have been included, regardless of eligibility type or funding source.

3.1.5 Summary of Time Limits Results

Very few differences between experimental and control groups in the time limits experiment were observed for the period of study included in this report. After analyzing welfare dynamics, self-sufficiency, participation in workforce development services, and use of subsidized child care, positive net impacts were observed only for transfers from TANF cash benefits to transitional benefits and the percentage of cases using subsidized child care each month. The magnitude of both of these impacts were quite small (0.9% for transfer to transitional benefits and 0.25% for cases using subsidized child care monthly). Approximately 13 percent of all exits for both the experimental and control groups occurred in the month of or the month following the assessment of a penalty for failure to comply with PRA provisions.

By the end of December 1997, only 92 persons (1.4%) in Bexar County had exited TANF because of reaching their time limit. Due to the length of time needed for time limits to take effect for Tier II and Tier III recipients, more time needs to elapse before the impacts of this experiment can be fully measured.

3.2 RER Choices Experiment

From June 1996 through December 1997, 9,566 cases were assigned to participate in the RER Choices experiment as either experimental or control group members.[28] As was the case for time limits and as shown in Figure 2, most of these cases were already receiving TANF at the beginning of the experiment. Tests of random assignment revealed no statistically significant differences in either the number of persons assigned to the experimental or control groups or in the demographic characteristics of the caretakers participating in the RER experiment in Choices counties (Table 10). Thus, for the time period included in this report, the RER Choices experiment passed all tests of random assignment.

[28] These numbers include cases assigned in Beaumont, Corpus Christi, and Odessa only. An additional 2,640 cases were assigned in the Clint office in El Paso. As discussed earlier, Clint results are analyzed separately and included in Appendix B.

Figure 2. Number of Cases Assigned to RER Choices (by month)

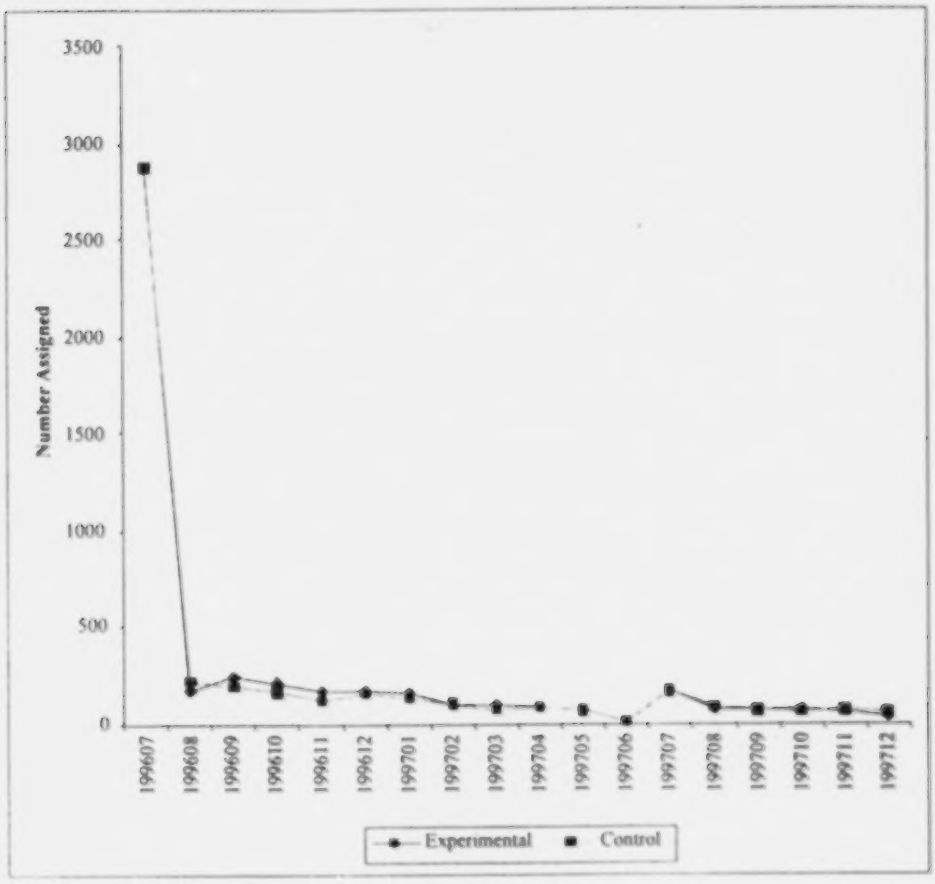

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Table 10. RER Choices Experiment: Characteristics of Experimental and Control Group Members at Random Assignment

Attribute	Experimental	Control	Experimental -Control Difference
Did not finish high school	16.7%	16.0%	0.7%
Male	5.3%	5.0%	0.3%
Black	35.7%	37.0%	-1.3%
Hispanic	43.0%	41.3%	1.7%
Age	31.3	31.3	-0.1
Months on TANF out of last 12 months	6.9	6.9	-0.1
Months employed out of last 12 months	3.8	3.7	0.1
Any employment in last 12 months	50.4%	50.1%	0.3%
Total UI earnings in last 12 months	$1,847	$1,733	$114
In TANF UP at time of random assignment	2.2%	2.4%	-0.2%

None of the experimental-control differences were statistically significant

Net impacts of the RER-Choices experiment on welfare dynamics, self-sufficiency, participation in workforce development services, and use of subsidized child care are discussed below.

3.2.1 Welfare Dynamics

3.2.1.1 Welfare Exits and Recidivism

Table 11 highlights the effects of the RER Choices experiment on welfare dynamics through December 1997. Statistically significant differences in the impacts of the experiment on the various kinds of exit rates and recidivism were observed, but in spite of these differences, the overall effects on time spent on TANF and total caretaker exits were rather small. This seeming inconsistency came about because two of the three individual exit rate effects and the recidivism effect tended to reduce the experimental caseload relative to the control caseload, whereas one of the exit rates tended to increase the experimental caseload. Specifically, experimental group members were more likely to exit to medical assistance-only or transitional benefits-only status, and less likely to

experience recidivism, whereas experimental group members were less likely to exit to payee-only and case name-only status.

Experimental group members spent a smaller proportion of the total possible months on TANF than control group members. About 61 percent of caretakers in the experimental group exited from TANF compared to 58 percent of those in the control group. As of December 1997, 9.1 percent of the experimental group members transferred to medical assistance-only and 10.6 percent to transitional benefits-only, compared to 7.2 percent and 9.1 percent for their control group counterparts. However, only 7.8 percent of experimental group members transferred to payee-only status compared to 12.8 percent of control group members. The lower rates of transfer to payee-only status probably occurred because experimental group members who fail to comply to PRA provisions receive a financial penalty while control group members not cooperating with Choices or child support are totally removed from the case. Overall, these findings suggest that the RER experiment is inducing a statistically significant reduction in welfare participation, though the magnitude of the effect is rather modest in the first 19 months of the experiment. .

Table 11 also highlights recidivism rates for the RER Choices experiment. Participants in the experimental group had a significantly lower one-year recidivism rate (34.6 percent) than their control group counterparts (38.7 percent) when differing demographic factors were taken into account. This finding indicates that the RER initiative was effective in reducing welfare recidivism in its first 19 months of operation.

Table 11. Welfare Dynamics for RER Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Proportion of time spent on TANF out of maximum possible	55.3%	57.1%	-1.85%***	-1.7%***
Exits				
Total caretaker exit rate	60.8%	58.2%	2.6%**	1.1%
Rate of transfer to medical assistance only status	9.1%	7.2%	1.9%***	1.7%***
Rate of transfer to transitional benefits only status	10.6%	9.1%	1.5%**	1.4%**
Rate of transfer to payee-only and case-name only status	7.8%	12.8%	-5.1%***	-5.6%***
Recidivism[29]				
One-year recidivism rate for all exits	34.6%	38.7%	-4.1%***	-4.3%***
Average months to recidivism for exits followed by recidivism	2.39	2.41	-0.02	-0.01

*** statistically significant at 1% level
** statistically significant at 5% level

3.2.1.2 Time-Limit Inducted Exit Rates

The implementation of time limits in the RER Choices research sites occurred in January 1997. Thus, by the end of December 1997, only 6 exits occurred among Tier I clients who reached their time limit. This accounted for 0.3 percent of all Tier I cases. Because only 12 months elapsed between the beginning of the experiment and the end of the period included in this report, no Tier II or Tier III clients were forced to exit TANF due to the expiration of their time limits. More time is needed to assess the effects of time limits on forced welfare exits in this experiment.

3.2.1.3 Penalty Rates

In the RER experiment in Choices counties, experimental group members receive financial penalties for failure to comply with the PRA provisions outlined in Table 12, while control group members are not subject to such penalties. Control group members do receive a sanction, as they did under pre-reform rules, for failure to cooperate with

[29] Federal project reviewers have suggested that there may be possible bias in the recidivism estimates due to self-selection. Future reports will discuss the possibility of self-selection bias in more depth.

Choices participation requirements or efforts to collect child support. If sanctioned for one of these reasons, the caretaker in a control group case is removed from the TANF cash grant, which induces a transfer to payee-only status.

As shown in Table 12, 8.5 percent of case-months for experimental group members were spent in penalty status in the first nineteen months of the experiment, with the length of completed penalties averaging 2.7 months each. Over 15 percent of all exits for experimental group members were penalty-related.[30] Such exits probably contribute to the higher transfers to medical assistance only and transitional benefits observed for experimental group members.

Table 12. Penalties Identified for Experimental Group in RER Choices

	Experimental
Percent of case-months in penalty status	
School Attendance	1.77%
Child Support	2.78%
Drug Abuse	0.02%
Texas Health Steps	1.09%
Choices 1st Offense	1.40%
Choices 2nd Offense	0.80%
Choices 3rd Offense	0.78%
Immunization	0.93%
Parenting Skills	0.06%
Voluntary Quit	0.07%
Any Penalty	8.50%
Average Length of Penalties (months)	
School Attendance	3.42
Child Support	2.76
Drug Abuse	3.00
Texas Health Steps	2.26
Choices 1st Offense	1.80
Choices 2nd Offense	2.23
Choices 3rd Offense	2.78
Immunization	3.16
Parenting Skills	2.00
Voluntary Quit	2.07
Any Penalty	2.66
Rate of penalty-related exits	15.24%

[30] For the purpose of this report, penalty-related exits are defined as exits from TANF accompanied by a penalty in the same month or prior month.

Data on sanctions for control group members were not available for this report and will be included in later reports. However, the higher rates of transfers to payee-only status observed above are probably associated with caretakers in the control group being removed from the TANF grant when sanctioned.

3.2.2 Self-Sufficiency

As Table 13 shows, no statistically significant differences between experimental and control group members were found for any of the measures of employment and earnings. No statistically significant differences between the groups were observed in employment rates, number of quarters in which caretakers were employed, average wages, or the percentage of quarters in which caretakers' earnings exceeded the poverty level.

Table 13. Employment and Earnings for RER Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Employment				
Percent of quarters during which caretaker had wages of any amount	39.6%	39.0%	0.6%	0.00
Percent of caretakers who were employed in all four quarters in the year after random assignment	8.0%	8.6%	-0.6%	-0.01
Percent of caretakers who were employed in at least three quarters in the year after random assignment	15.2%	14.6%	0.6%	0.01
Earnings				
Average quarterly caretaker cages (including quarters of zero wages)	$631	$618	$12	-$8
Average quarterly caretaker wages (excluding quarters of zero wages)	$1,593	$1,585	$9	-$8.80
Average quarterly family wages earned	$762	$742	$20	$2.90
Percent of quarters during which caretaker wages exceeded 155% of poverty	0.4%	0.4%	0.0%	-0.10%
Percent of quarters during which family earnings exceeded 155% of poverty	0.5%	0.5%	0.0%	0.00

None of the experimental-control differences were statistically significant

3.2.3 Participation in Workforce Development Services

Table 14 shows workforce development participation for the RER Choices experiment. A smaller percent of experimental group members participated in the Choices program than their control group counterparts (6.34 percent versus 7.49 percent). This statistically significant difference can be attributed to higher percentages of control group members who participated in Choices' education (32.3 percent v. 29.9 percent) and job search (26.1 percent v. 24.5 percent) activities. No statistically significant differences between the treatment group and control group participants were found in the actual hours of Choices participation or in percent participating in JTPA.

Table 14. Workforce Development Participation for RER Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percent participating in Choices program	6.34%	7.49%	-1.15%***	-1.06%***
Average hours of Choices participation per month	89.82	91.71	-1.90	-1.56
Percent participating in JTPA	1.12%	1.13%	-0.01%	0.00%

*** statistically significant at 1% level

3.2.4 Subsidized Child Care

Table 15 summarizes the effects of the RER Choices experiment on the use of subsidized child care (SCC).[11] No statistically significant differences in the rates of child care usage were observed at either the case-level or the child-level. On the other hand, the treatment group participants had larger average monthly subsidies ($199) than control group participants ($190), and the $9 difference was statistically significant. This finding is consistent with the earlier finding that experimental group members had a higher transfer rate from welfare to transitional benefits and a lower recidivism rate than control group members. With a larger number of participants exiting or transitioning from

[11] Subsidized child care (SCC) services are offered to eligible current and former TANF-recipient families under a number of different programs including Choices, Transitional, and At-Risk (income-eligible) Child Care. In this report, all child care subsidies administered by the CCMS system or by DHS have been included, regardless of eligibility type or funding source.

welfare in the experimental group, the need to receive subsidized child care would increase.

Table 15. Subsidized Child Care for RER Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percentage of cases using SCC monthly	4.28%	4.39%	-0.11%	-0.14%
Percentage of children using SCC monthly	3.80%	3.94%	-0.14%*	-0.08%
Subsidy per child-month using SCC	$199	$190	$9***	$13**

*** statistically significant at 1% level
* statistically significant at 10% level

3.2.5 Summary of RER Choices Results

In the first nineteen months of the RER experiment in Choices counties, experimental group members spent significantly less time on TANF than their counterparts in the control group. They also experienced significantly higher transfer rates to medical assistance-only status and transitional benefits-only status but a significantly lower transfer rate to payee-only status than their control group counterparts. These differing patterns contribute to the overall insignificant differences in the overall caretaker exit rates for the two groups with 60.8 percent of caretakers in the experimental group exiting welfare compared to 58.2 percent for the control group. Penalty-related exits comprised 15 percent of all exits for experimental group members. There were no penalty-related exits in the control group because the design of the experiment specifies that no penalties are to be imposed on the control group.

Experimental group members also experienced lower rates of welfare recidivism in the year following exit than control group members, with 34.6 percent of experimental group members re-entering welfare compared 38.7 percent of control group members. This difference in recidivism rates was statistically significant.

Although experimental group members left TANF and remained off the rolls at higher rates than control group members, there were no statistically significant differences in employment rates or earnings levels between the two groups. Statistically significant differences in Choices participation rates were observed, with participants in

the experimental group having significantly lower Choices participation rates than control group members. This difference may be attributed to higher levels of participation in education and job search activities by control group members.

Finally, although there were no statistically significant differences in the rates of child care usage between the two groups, experimental group members used a larger amount of child care subsidy per child-month than their counterparts in the control group, and this difference was statistically significant. This finding, when coupled with the finding of higher exits to transitional benefits, suggests that experimental group members are using the larger child care subsidy to assist in their transition from welfare to work.

Taken together, these findings suggest that the combination of RER and time limits in the RER Choices experiment may be causing a non-trivial number of caretakers to leave and remain off the TANF rolls in the early months of the experiment. However, there is no evidence as yet that these persons are becoming employed at higher rates or earning more money. These measures, along with additional measures of child well-being, will continue to be examined in future reports.

3.3 RER Non-Choices Experiment

The RER experiment in Non-Choices research sites was implemented in January 1997. By the end of December 1997, 1,358 cases were assigned to participate in the RER Non-Choices experiment as either experimental or control group members. As shown in Figure 3, most of the cases participating in this experiment during its first year of operation were already receiving TANF at the beginning of the experiment.

While no statistically significant differences were observed in the number of cases assigned to experimental and control groups, some statistically significant differences exist between the demographic characteristics of the two groups (Table 16). Specifically, experimental group members are slightly younger than control group members and have earned less in the past year. Also, the control group contains a higher percentage of Black caretakers than the experimental group. CSHR researchers are still investigating possible reasons for the differences in the demographic characteristics between the two groups.

Figure 3. Number of Cases Assigned to RER Non-Choices (by month)

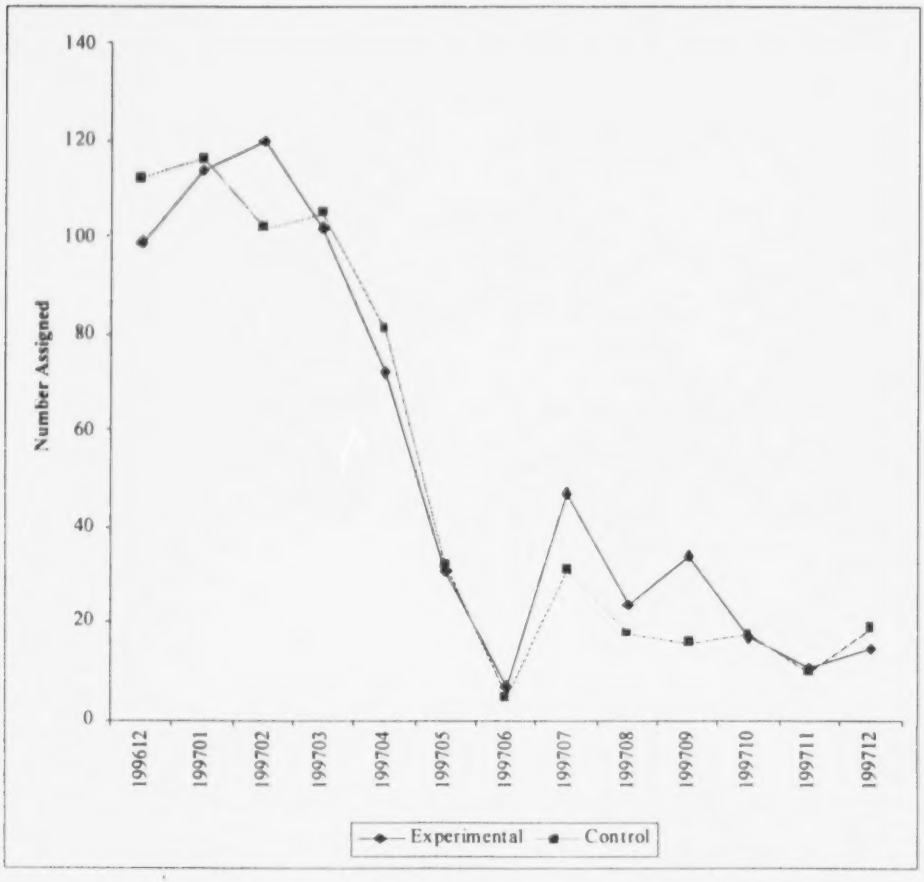


Table 16. RER Non-Choices Experiment: Characteristics of Experimental and Control Group Members at Random Assignment

Attribute	Experimental	Control	Experimental -Control Difference
Did not finish high school	15.1%	19.1%	-3.9%
Male	7.2%	6.9%	0.3%
Black	22.5%	27.5%	-5.0%*
Hispanic	45.6%	47.1%	-1.5%
Age	32.6	33.8	-1.2*
Months on TANF out of last 12 months	6.7	7.0	-0.3
Months employed out of last 12 months	3.1	3.2	-0.1
Any employment in last 12 months	44.2%	45.9%	-1.7%
Total UI earnings in last 12 months	$1,553	$2,133	-$579*
In TANF UP at time of random assignment	7.0%	5.1%	1.9%

* statistically significant at 10% level

Net impacts of the RER Non-Choices experiment on welfare dynamics, self-sufficiency, participation in workforce development services, and use of subsidized child care are discussed below.

3.3.1 Welfare Dynamics

3.3.1.1 Welfare Exits and Recidivism

Table 17 highlights the effects of the experiment on welfare dynamics for the RER Non-Choices experiment.

As shown in the table, there were no statistically significant differences between experimental and control group members for any of the four exit measures in the RER Non-Choices experiment. However, control group members spent a statistically significant higher proportion of time on TANF out of the maximum possible than the experimental group participants. The inconsistency between results for the total exit rate

and the proportion of time spent on TANF is probably due both to the relatively short time period available in which to calculate welfare exits and to the small sample size of participants in this experiment.

Because only one year had elapsed between the beginning of this experiment and the end of the period of study, it was not possible to calculate one-year recidivism rates for persons who exited from TANF. These results will be included in future reports.

Table 17. Welfare Dynamics for RER Non-Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Proportion of time spent on TANF out of maximum possible	64.3%	66.6%	-2.34%***	-1.4%*
Total caretaker exit rate	49.9%	48.1%	1.8%	-1.2%
Rate of transfer to medical assistance only status	12.2%	10.7%	1.5%	0.1%
Rate of transfer to transitional benefits only status	4.3%	4.0%	0.3%	0.1%
Rate of transfer to payee-only and case-name only status	8.3%	8.8%	-0.4%	1.3%
One-year recidivism rate for all exits[32]				
Average months to recidivism for exits followed by recidivism				

*** statistically significant at 1% level
* statistically significant* statistically significant at 10% level

3.3.1.2 Penalty Rates

In the RER experiment in Non-Choices counties, experimental group members receive financial penalties for failure to comply with the PRA provisions outlined in Table 18, while control group members are not subject to such penalties. Control group members are sanctioned and removed from the TANF grant, as they were under pre-reform rules, for failure to cooperate with child support collection efforts.

Table 18 indicates that 4.4 percent of total case-months for experimental group members were spent in penalty status in the first year of the experiment. The length of completed penalties averaged 2.6 months each, and 5.6 percent of all exits for experimental group members were penalty-related. The lower overall rates of penalties

[32] There were no recidivists in the RER Non-Choices experiment.

and penalty-related exits in this experiment can be attributed to the absence of Choices-related penalties in these Non-Choices offices.

Table 18. Penalties Identified for Experimental Group in RER Non-Choices

	Experimental
Percent of case-months in penalty status	
School Attendance	1.27%
Child Support	2.05%
Drug Abuse	0.12%
Texas Health Steps	0.99%
Immunization	0.28%
Parenting Skills	0.14%
Voluntary Quit	0.17%
Any Penalty	4.41%
Average Length of Penalties (months)	
School Attendance	2.70
Child Support	3.00
Drug Abuse	5.00
Texas Health Steps	2.00
Immunization	3.00
Parenting Skills	3.00
Voluntary Quit	2.33
Any Penalty	2.63
Rate of penalty-related exits	5.67%

3.3.2 Self-Sufficiency

Table 19 shows that there were no statistically significant differences between members in the experimental and control groups for any of the employment rate measures. In addition, no statistically significant differences between the experimental and the control groups were found for any of the earnings measures.

Table 19. Employment and Earnings for RER Non-Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Employment				
Percent of quarters during which caretaker had wages of any amount	34.2%	32.1%	2.1%	0.00
Percent of caretakers who were employed in all four quarters in the year after random assignment	3.0%	3.4%	-0.4%	-0.01
Percent of caretakers who were employed in at least three quarters in the year after random assignment	9.0%	6.9%	2.1%	0.00
Earnings				
Average quarterly caretaker wages (including quarters of zero wages)	$510	$461	$49	$51
Average quarterly caretaker wages (excluding quarters of zero wages)	$1,492	$1,436	$55	$124.04
Average quarterly family wages earned	$643	$577	$66*	$95.75
Percent of quarters during which caretaker wages exceeded 155% of poverty	0.2%	0.1%	0.1%	0.17%
Percent of quarters during which family earnings exceeded 155% of poverty	0.3%	0.2%	0.1%	0.00

* statistically significant at 10% level

3.3.3 Participation in Workforce Development Services

While the Choices program is not available to participants in the RER Non-Choices experiment, they can participate in JTPA activities to enhance their workforce skills. Early results of the RER Non-Choices experiment indicate that a statistically significant difference exists in the JTPA participation rate, with participants in the control group having a higher rate than the experimental group. However, even though it is statistically significant, the magnitude of the difference in JTPA participation rate between the two groups is rather small--less than 0.5%.

Table 20. Workforce Development Participation for RER Non-Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percent participating in Choices program				
Average hours of Choices participation per month				
Percent participating in JTPA	0.67%	0.95%	-0.28%*	-0.34%**

** statistically significant at 5% level
* statistically significant at 10% level

3.3.4 Subsidized Child Care

Table 21 highlights the effects of the RER Non-Choices experiment on subsidized child care (SCC).[31] Results for the RER Non-Choices experiment show some differences between experimental and control group participants for the rate of subsidy use per child level and the amount of subsidy per child month. However, the statistically significant experimental effect disappears when differing demographic factors are taken into account (*see adjusted net impact*).

Table 21. Subsidized Child Care for RER Non-Choices

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percentage of cases using SCC monthly	0.41%	0.26%	0.15%	0.25%
Percentage of children using SCC monthly	0.26%	0.14%	0.12%**	0.07%
Subsidy per child-month using SCC	$245	$204	$41***	$69

*** statistically significant at 1% level
** statistically significant at 5% level

[31] Subsidized child care (SCC) services are offered to eligible current and former TANF-recipient families under a number of different programs including Choices, Transitional, and At-Risk (income-eligible) Child Care. In this report, all child care subsidies administered by the CCMS system or by DHS have been included, regardless of eligibility type or funding source.

3.3.5 Summary of RER Non-Choices Results

Welfare dynamics results for the first year of the RER experiment in Non-Choices counties indicate that, while experimental group members spent less time on TANF than their counterparts in the control group, no statistically significant differences were found for any of the other welfare exit measures. The inconsistency between results for the proportion of time spent on TANF and other welfare exit measures is probably due to the relatively short time period available in which to calculate welfare exits and the small sample size of participants in this experiment. Approximately five percent of all exits were penalty-related. As of December 1997, insufficient time had elapsed to calculate welfare recidivism rates for this experiment.

No statistically significant differences between the experimental and control groups were found for employment, earnings, or any of the child care measures. While a statistically significant difference was found for JTPA participation rates, the magnitude of the difference was trivial.

Primarily due to the limited time period included in this interim report and the small sample size in this experiment, it would be premature to infer much from the interim findings for this experiment.

Appendix A: Technical Appendix

This appendix provides more detailed information on data sources, variable definitions, research methods, research limitations and tests of random assignment.

A.1.1 Data Sources

The following section of text provides details of the data collected from each supplying agency.

A.1.1.1 Department of Human Services (DHS) Data

The primary data source for the experiment was the DHS' SAVERR data system, the main repository of client and case information. Most other DHS data systems interact with the SAVERR system, which has been modified to include the collection of additional elements of data related to the waiver evaluation. DHS has developed procedures to extract the necessary data from the SAVERR system for the experimental and control groups, and store the records on an evaluation tape which was made available to CSHR for analysis. This tape constituted the master file of the waiver population, and all other files were linked to it by client number or social security number (SSN).

CSHR relied upon other DHS data sources as appropriate to supplement the data on the evaluation tape. These supplementary sources included:

- monthly TANF client strip tapes covering the demonstration period
- annual unduplicated TANF tapes containing history of TANF spells of receipt
- transaction files including the disposition of TANF applications and recertifications; and
- CCMS and payment data for periods when DHS was responsible for managing that system (before September 1996).

A.1.1.2 Texas Workforce Commission (TWC) data

TWC is the source of Choices participation administrative data. The data includes monthly tallies of actual hours of participation in each Choices component activity. Also, as the administrator for the Unemployment Insurance (UI) program, TWC

maintains a wage database system that contains reported employee wages by each quarter. The data identifies each employee by SSN, and is thus easily linked to members of the experimental and control groups. These data were used by CSHR researchers.

The administration of SCC was transferred to TWC from DHS in September, 1996. In order to answer research questions regarding the use of SCC, CSHR requested the CCMS and Child Care payment administrative data from TWC and merged it with the earlier data from DHS. Case-by-case data requested regarding SCC included, but was not limited to: (1) spells of SCC receipt, (2) number of children covered, and (3) costs of providing care.

The Choices program is not the only source of education, training and job search services that are available to indigent unemployed persons. The JTPA program offers very similar services. Since individuals who are denied Choices participation either by their remoteness, or because of lack of availability of slots, may seek services through JTPA, CSHR researchers also collected JTPA participation data from TWC to fully measure participation in workforce development services.

A.1.2 Creation of Research Data Sets

To conduct the analysis, CSHR researchers linked and merged data files from the disparate data sources noted in Table 2 of the main report. The first step in pulling this data together was to assimilate the DHS evaluation tape and extract a listing of the SSN's and client numbers of all experimental and control group participants and the dependents on their cases. These extracts of the identifying numbers were sent to the agencies providing the data to be linked to records in their files. Linked records were placed in a file which was transmitted to CSHR. CSHR researchers then created a relational data engine that ties together several relational datasets to produce flat files for analysis. The format of the flat files differs depending on the type of research questions (i.e., case-quarter and case-month).

In some cases, confidentiality requirements or other administrative roadblocks precluded obtaining individual-level data, resulting in some research measures not being examined in this report. These unavailable data include measures on education, immunization and child protective service (foster care and child abuse) outcomes. CSHR will continue to follow-up with appropriate agencies in collecting these data. If this is not

feasible, CSHR researchers, in consultation with DHS, will develop alternative research strategies.

A.1.3 Analyzed Variables

A.1.3.1 Welfare Dynamics

The expression "welfare dynamics" refers to changes in the stock of active cases and the flow of cases into and out of active status. Since the stocks and flow of cases are time variant, their analysis is called "dynamic" in the mathematical sense of the word.

Caseload is determined by the following formula:

$$Caseload_t = Caseload_{t-1} + Entries_t - Exits_t \quad (1)$$

Where:
$Caseload_t$ =Caseload at the end of month t,
$Entries_t$=New cases arriving during month t, and
$Exits_t$=Active cases leaving the rolls during month t.

Equation (1) shows that effects on caseload are functionally dependent on effects on entries and exits. We performed two analyses on caseload. In the first approach, we computed the impact of the experimental treatments on caseload by comparing the average number of months on welfare after random assignment for the experimental and comparison groups. In the second approach, we estimated the experiment's effects on exit rates. The design of the experiment precludes the analysis of changes in entry rates from the general population. However re-entry by previous recipients (recidivism) is amenable to analysis and an experimental effect on recidivism was estimated.

A.1.3.1.1 Months on Welfare

The computation of the average number of months on welfare after random assignment is complicated by the ongoing nature of the experimental design. People who enter the experiment at the beginning have more of a chance to accumulate months on welfare than people who enter near the end. One way to overcome this complication is to compare the average time on welfare for month-by-month cohorts. Unfortunately, this approach produces a large volume of statistics. In order to summarize caseload impacts in a single statistic, we developed the following procedure: First, we added up the actual

number of months spent on welfare after random assignment for the experimental and control groups. Second, we added up the number of months that the participants could have spent on welfare if they had stayed on welfare for the entire period from random assignment to the end of the observation period. Third, we divided the actual time on welfare by the maximum possible time they could have spent on it to get a proportion. This proportion was compared between the experimental and control groups. If the experiment induced people to exit welfare and stay away, then the proportion was smaller for the experimental group than it was for the control group.

This approach summarizes the entire impact of the experiments on caseload in a single figure for each experiment. The combined effects of changes in entries, exits and recidivism were summarized in this single statistic. The separate experimental effects on exits and recidivism were also estimated separately.

A.1.3.1.2 Exit Rates

Four kind of exits were studied: total exits from active TANF status, transfers from cash benefits to medical assistance only, transfers from cash benefits to transitional benefits, and transfers from certified caretaker status (cash benefits) to payee only or case-name-only status. The medical assistance only status is subdivided into transitional Medicaid and other categories of Medicaid. The definition of transitional benefits only status includes transitional childcare benefits and transitional Medicaid benefits. Both transitional Medicaid and transitional child care benefits are offered to former recipients who either become employed or reach their time limit for at least one year after their exit from welfare. Payee-only and case-name only status covers those adult recipients whose needs are no longer included in (dropped off from) the TANF cash grants but their children remain on the active cases. Dependent variables were computed for these kinds of exits, and adjusted net effects were estimated from them. For this analysis, exits were measured based on the status of the case as of the last month of the observation period, regardless of the date of random assignment.

A.1.3.1.3 Recidivism Rates

For those participants who exit from welfare during the observation period, recidivism is possible. It was expected that some of the experimental treatments would

reduce the likelihood of recidivism. To test this hypothesis, we computed the percent of exiters who returned and the time they took to return and compared these statistics for the experimental and control groups.

As with the caseload analysis, the ongoing nature of the experiment complicates this analysis. Participants who exited early in the experiment had a longer follow-up period in which to return than participants who left near the beginning of the experiment. Accordingly, for the analysis of time to return, we compared month-by-month cohorts of exiters, and for the probability of returning, we tabulated the returns based on a one-year follow-up period. Only exiters who had at least a one-year follow-up period were tabulated, and only returns within the one year follow-up were counted. While this approach ignored exits made near the end of the analysis period, this loss of data was inevitable.

A.1.3.1.4 Penalty and Sanction Rates

Penalties may be imposed on members of the experimental sample for reasons highlighted in the penalty tables of the main report. Sanctions may be imposed on the control group members as they were under the pre-welfare-reform rules. Under these old rules, control group members could be sanctioned for failure to cooperate with child support or Choices requirements. A penalty involves a reduction in the amount of the grant—it is like a fine. A sanction usually involves the removal of the caretaker from the caseload—in addition to reducing the grant amount as a fine does, a sanction involves the revocation of various entitlements and eligibilities of the case head. Since penalties and sanctions are two different methods of punishment, it is not strictly valid to compute the net effect of the experiment by simply computing the difference between the number of penalties imposed on the experimental group and the number of sanctions imposed on the control group in RER Choices, RER Non-Choices, and Clint. Strictly speaking, since the control group receives no penalties, the net effect of the experiment on penalties is simply the number of penalties imposed on members of the experimental group. In order to describe the impacts of the experiment completely, both penalties and sanctions were tabulated as punishments, but difference and net effect computations were omitted. In the Time limits experiment, both control and experimental groups receive penalties and they are analyzed in the usual way.

The tabulations of penalties and sanctions includes both the number of events and the percent of months spent in penalty or sanction status. In order to see if penalties and sanctions were inducing exits among those being punished, we identified all cases in which an individual exited welfare while being punished or soon after having been punished. The proportion of these cases out of all cases were tabulated, but were not subjected to analysis designed to produce estimated net effects.

A.1.3.2 Self-Sufficiency

A.1.3.2.1 Employment

Some limited data on income of TANF recipients is available through the administrative records of the DHS. However, this data covers only current recipients, and is based on self-reported income. Previous work in the area of welfare and employment has shown that UI wage data is likely to be superior to self-reported data from administrative welfare records; therefore, it was used to measure employment. UI wage data covers over 95 percent of all employment in the state of Texas. Some jobs are not covered, including out-of-state employment, self-employment, and most agricultural employment. Any underreporting due to these reasons should fall equally on both the experimental and control groups.

A.1.3.2.1.1 Percent with any employment

In measuring employment outcomes, CSHR researchers created a variable that takes the value of one if the recipient earned money and zero otherwise. Taking the mean of this variable for a group of individuals gave the percent employed for that group. The difference in the rate of employment between the experimental and control groups was the employment impact of the experiment.

A.1.3.2.1.2 Length of employment

In addition to knowing whether the subject was employed, there was an interest in knowing if the employment was merely a temporary episode, or if it was a steady job. Holding a job for one or two quarters out of a year is unlikely to make the subject self-sufficient. Accordingly, it was desirable to analyze the duration of the periods of

employment. CSHR researchers developed two measures to assess the effect of the experiment on the length of caretakers' employment. First, a variable taking the value of one was created if the caretaker was employed in all four quarters in the year after the random assignment. Second, a variable taking the value of one was created if the caretaker was employed in three quarters in the year after the random assignment. By comparing these measures in percentage terms, the data reflected the effect of the experiment on the degree of caretakers' length of employment.

A.1.3.2.2 Earnings

Previous work with UI wage data has shown that a large percentage of the welfare population earns wages. However, the distribution of wages earned is skewed, with a large proportion of the earners at the low end of the wage scale and very few at the high end of the wage scale. Further, there are many participants with zero wages. Earnings were analyzed by comparing the average amount earned by case heads in the experimental group to the average amount earned by case heads in the comparison group. Since the average earnings of the case heads may differ between the two groups both because of differences in the number employed and the wage level earned by the employed case heads, two tabulations of average wages are displayed. In the first, all case heads were included. This tabulation gives an overall assessment in a single easily-understood number of the experiment's effect on changes in the amount of money available to the case heads. In the second tabulation, only case heads with earnings were included. The second tabulation gives an assessment of whether the experiment had an effect on the participants' ability to earn higher wages.

Many of the welfare wage earners earn so little in wages that the earnings cannot be reasonably expected to move the earner into a state of self-sufficiency. For this reason, it is desirable to analyze employment using a variable that is set to one if the subject earned 155 percent of the official poverty level, which some authors have maintained is necessary to become totally self-sufficient, and was set to zero otherwise. Using the percent of poverty approach has the advantage that family size is a factor in determining whether earnings are large enough to constitute self-sufficiency. In addition to the analysis of the wages of the case head, a second analysis was performed on total family income. The family income analysis is motivated by the idea that the family

moves into or out of poverty and welfare dependency as a unit, rather than individual-by-individual. While it may be impossible for one individual in a family to bring in wages that are 155 percent of poverty, it might be possible to achieve this goal if more than one person in the family works. Family income data may be constructed by aggregating UI wage records for all family members. The same analytical approaches used for earnings of the case head were also applied to total family income.

A.1.3.3 Participation in Workforce Development Services

CSHR researchers analyzed the data on both Choices participation and participation in other workforce development services (e.g. JTPA) to determine whether the experiment contributed to an increase in the use of workforce development services. Choices participants may be assigned to at least 16 different kinds of activities designed to help them find jobs or make themselves more employable. CSHR examined the data on participation to find if the TL and RER experiments affected participation patterns. Also, as local workforce boards take over operations, they may induce changes in the mix of services offered. Service emphasis may vary by local workforce area, causing different patterns of participation to be observed at different sites. The variables analyzed to detect these shifts in activity mix were activity-by-activity net effect estimations. For Non-Choices experiments, CSHR studied the JTPA participation rates for the experiment and control group members.

A.1.3.4 Subsidized Child Care

Subsidized child care (SCC) services are offered to eligible current and former TANF-recipient families under a number of different programs including Choices, Transitional, and At-Risk (income-eligible) Child Care. The ACT waiver demonstration, among other things, changed some of the regulations governing the eligibility for and receipt of Transitional Child Care (TCC) services for recipients who exhausted their time-limited benefits. CCMS and DHS' payment data were analyzed to determine whether any of the demonstration treatments affected the patterns of subsidized child care receipt. The experiment was expected to change both the number of children in SCC, and the number of families that availed themselves of this benefit. Experimental effects

were computed for the percentage of cases using SCC monthly, the percentage of children using SCC monthly and the amount of subsidy per child-month using SCC.

A.1.4 Potential Limitations of Analysis

The following section presents short descriptions of some of the difficulties in executing this research.

A.1.4.1 Time Frame

While the ACT demonstration will be in effect from June 1996 through March 2002, this report only covers the time period from its inception in June 1996 through December 1997. The final impact report is due May 2002 and CSHR researchers will analyze the impacts of the ACT demonstration through December 2001. Since this report covers only a small portion of this overall time frame, CSHR researchers believe that it is premature to expect many significant differences between the experimental and control groups.

A.1.4.2 Disparate Sources for Variables

In some cases, the primary data source changed over time. One example of this occurred with SCC variables, in which current SCC data came from TWC and historical data from DHS. This dual provider situation raises the danger that observed changes in the variables may not have been due to an actual change in the amount of SCC, but merely a change in the way these variables were tracked under the two different data systems.

CSHR took steps to help ensure that data from disparate sources were as comparable as possible, but in these situations, it was never possible to be absolutely sure that all observed differences were due to the experimental treatments rather than disparate data collection procedures. The only mitigation to this difficulty was the hope that any biases in the data would fall equally on the control and experimental groups.

A.1.4.3 Data Censoring

Because the waiver evaluation is of finite duration, it is impossible to follow all of the experimental participants to the end of time to see how the waiver provisions affected their lives. Since the follow-up period ends for everyone at a single point in time, people who have been in the evaluation from the beginning have a longer follow-up period than people who enter near the end of the period. CSHR researchers adopted a number of statistical procedures to handle this data censoring problem. In measuring welfare exits, the statistics were reported for month-by-month cohorts. In terms of caseload, data were tabulated as a proportion of time spent in a particular status out of all possible opportunities to be in that status. In measuring welfare recidivism, late data for early-comers were ignored so that all observations have the same follow-up period.

A.1.4.4 Contamination of Treatments

In implementing the experiment, contamination of treatments may take place through case workers, word of mouth and news report, and other agencies' non-experimental treatments. Since the primary point of contact between the government and the welfare client is the case worker, the success of the evaluation depends on the ability of the case workers to accurately administer the treatments to the clients. If a case worker incorrectly interacted with a client while not aware of the client's special status as a control group member, there was a possibility that the case worker may have inadvertently exposed the client to the experimental protocol, and this exposure could have affected the client's behavior. In terms of contamination by word of mouth, control group members would likely behave similar to their experimental group counterparts because they would be made aware by word of mouth and news reports that welfare rules changed statewide. It was a necessary condition for the internal validity of this evaluation that control group members clearly understand that they were not subject to the new rules that were imposed statewide. Finally, the various agencies charged with providing social services are continually changing the way they provide services, and many of these changes (i.e., welfare to work grants and workforce development reform) could have strong impacts on the treatments in this evaluation.

To minimize these potential contamination problems, DHS Office of Program Analysis and Evaluation is conducting a process evaluation to ensure that procedures used in the ACT demonstration are being carried out in a consistent manner.

A.1.5 Tests of Random Assignment

The waiver is being evaluated by comparing differences in outcomes for randomly assigned experimental and control groups. CSHR researchers expect to observe, in a well-done random assignment, that the measurable characteristics of the two groups should differ only by chance. In order to test the hypothesis that the measurable characteristics of the two groups differed only due to chance, researchers performed tests on the means of continuous variables and proportions of qualitative variables that described the two groups.

One of the first characteristics examined was the proportion of participants in the experimental and control groups, with the expectation that equal numbers of participants would be found in each group. Therefore, 95% confidence intervals were constructed for each of the four experiments (Time Limits, RER Choices, RER Non-Choices, and Clint) and the results are shown in Figure A-1 through Figure 4. While all experiments exceeded the confidence interval during at least one month for the period covering August 1996 to December 1997, the number of persons assigned to experimental and control groups for the TL, RER Choices and RER Non-Choices experiments generally fell within acceptable ranges. However, the results for the Clint experiment were unexpected. In this experiment, the proportion of participants in the experimental and control groups were significantly different for an unacceptably large number of months, thus increasing the likelihood of significant differences in subsequent analyses.

Figure A-1. Bounds for Time Limits

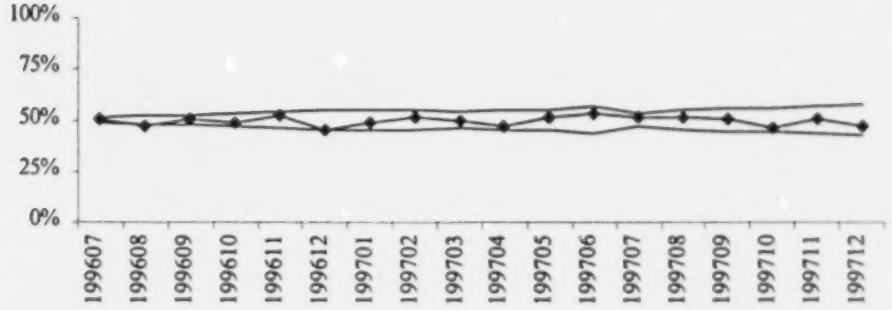


Figure A-2. Bounds for RER Choices

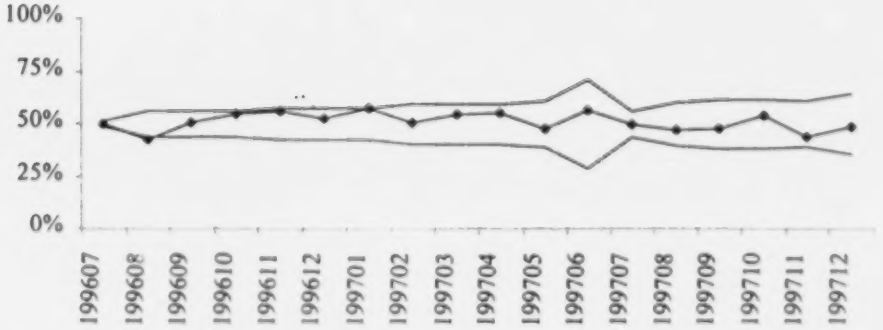


Figure A-3. Bounds for RER Non-Choices

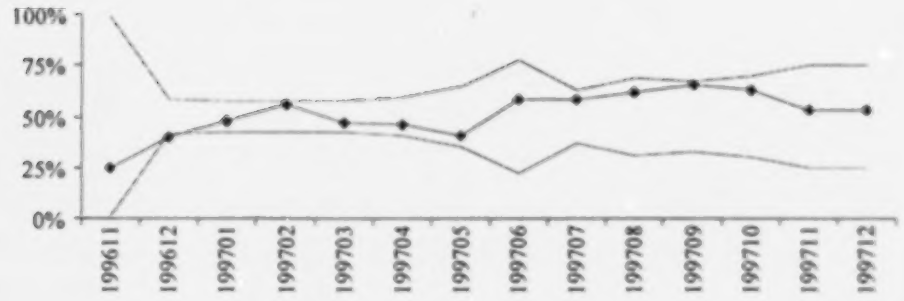
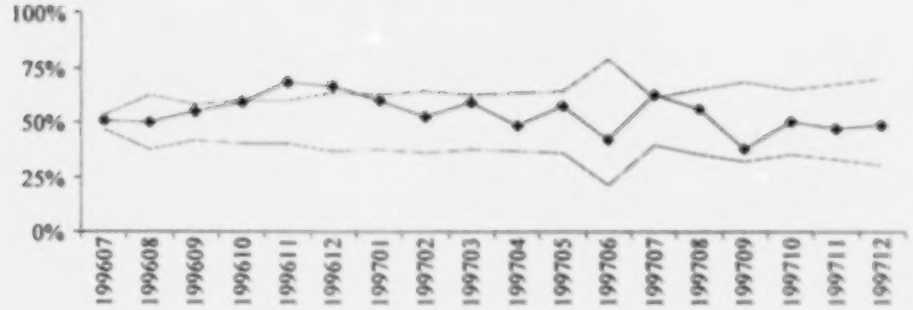


Figure A-4. Bounds for Clint



Other tests of random assignment are reported in the main text of the report. Taken together, all of the tests of random assignment indicate that further investigation is needed to determine why the tests of random assignment were not successful for the RER experiment in Clint. Both the CSHR impact team and the DHS process team will continue to investigate this situation.

Appendix B: Additional Statistical Impacts

B.1 RER Experiment in Clint

From June 1996 through December 1997, 25,552 cases were assigned to participate in the RER experiment in El Paso's Clint office as either experimental or control group members. As can be seen in Figure B-1, most of these cases were already receiving TANF at the beginning of the experiment.

The findings of the Clint experiment are reported separately in this appendix for the following reasons. While the Clint Office is in El Paso, which is a Choices county, it does not offer any Choices services due to remoteness. Also, the Clint experiment did not pass all tests of random assignment. Figure B-1 reveals that more persons were assigned in the experimental group than the control group during the period from September 1996 to January 1997 and July 1997. Tests of random assignment further revealed significant differences between the experimental and control group members in a number of demographic characteristics (Table B-1). For instance, there was a significantly greater number of males assigned in the experimental group than the control group. CSHR and DHS researchers are investigating possible reasons for these differences in the data.[1]

[1] One possible reason for these differences is that experimental group members in RER are allowed to disregard children's earnings and to have a higher level of resources in determining TANF eligibility. Also, the work history requirement and 100-hour rule do not apply for TANF-UP families. While these rule changes could increase the number of experimental group members in the experiment, we would expect to see similar patterns in all RER experiments, not just the Clint office.

Figure B-1. Number of Cases Assigned to Clint (by month)

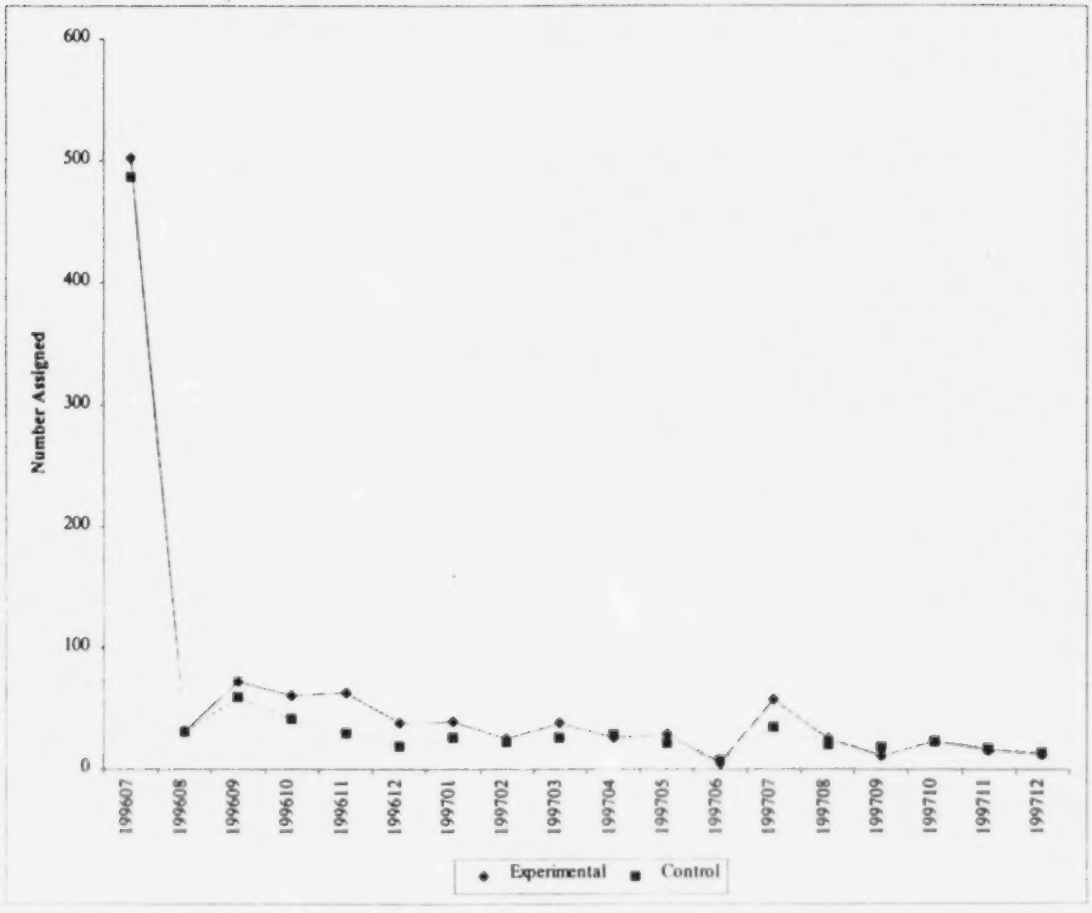


Table B-1. Test of Random Assignment for Clint

Attribute	Experimental	Control	Experimental -Control Difference*
Did not finish high school	44.6%	41.5%	3.2%
Male	9.2%	6.5%	2.7%**
Black	0.2%	0.4%	-0.2%
Hispanic	97.9%	97.2%	0.7%
Age	31.3	31.5	-0.2
Months on TANF out of last 12 months	6.1	6.7	-0.7***
Months employed out of last 12 months	2.1	1.7	0.4***
Any employment in last 12 months	29.5%	24.3%	5.2%***
Total UI earnings in last 12 months	$1,297	$969	$328**
In TANF UP at time of random assignment	12.3%	8.4%	3.9%***

*** significant at 1% level
** significant at 5% level
* significant at 10% level

B.1.1 Welfare Dynamics

B.1.1.1 Welfare Exits and Recidivism

Table B-2 highlights the effects of the experiment on welfare dynamics for the Clint office.

Although no significant differences between the experimental and control groups were observed for the time spent on TANF out of maximum possible, participants in the experimental group had a significantly higher total exit rate and transfer rate to medical assistance only status than their control group counterparts, after accounting for differences for demographic characteristics (*adjusted net impact*). Also, no significant differences were found between the experimental and control groups on transfer rate to transitional benefits only status and transfer rate to payee-only status. In terms of welfare recidivism measures, no statistically significant differences were found between participants in the experimental group and the control group (see Table B-2).

Table B-2. Welfare Dynamics for Clint

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Proportion of time spent on TANF out of maximum possible	57.8%	59.3%	-1.49%***	-0.7%
Exit				
Total caretaker exit rate	69.1%	54.3%	14.8%***	3.3%*
Rate of transfer to medical assistance only status	10.7%	5.5%	5.2%***	3.3%***
Rate of transfer to transitional benefits only status	7.8%	6.5%	1.3%	0.0%
Rate of transfer to payee-only and case-name only status	11.6%	11.5%	0.1%	-1.0%
Recidivism[2]				
One-year recidivism rate for all exits	32.3%	34.1%	-1.7%	-2.2%
Average months to recidivism for exits followed by recidivism	2.31	2.37	-0.06	-0.04

*** significant at 1% level
** significant at 5% level
* significant at 10% level

B.1.1.2 Penalty Rates

In the RER experiment in Clint, experimental group members receive financial penalties for failure to comply with the PRA provisions outlined in Table B-3 while control group members are not subject to such penalties. Control group members are sanctioned and removed from the TANF grant, however, for failure to cooperate with child support collection efforts.

Table B-3 indicates that approximately 2.6 percent of total case-months for experimental group members were spent in penalty status in the first nineteen months of the experiment, with completed penalties averaging 2.6 months each. Approximately 5 percent of all exits for experimental group members were penalty-related. As was true in the Non-Choices, experiment, the lower overall rates of penalties and penalty-related exits in this location can be attributed to the lack of Choices-related penalties in this Non-Choices office.

[2] Federal project reviewers have suggested that there may be possible bias in the recidivism estimates due to self-selection. Future reports will discuss the possibility of self-selection bias in more depth.

Table B-3. Penalties for Experimental Group in Clint

	Number of quarters in penalty status
Percent of case-months in penalty status	
School Attendance	1.07%
Child Support	0.78%
Drug Abuse	0.00%
Texas Health Steps	0.35%
Immunization	0.41%
Parenting Skills	0.08%
Voluntary Quit	0.03%
Any Penalty	2.57%
Average length of penalties (months)	
School Attendance	3.42
Child Support	2.50
Drug Abuse	--
Texas Health Steps	2.22
Immunization	3.36
Parenting Skills	4.50
Voluntary Quit	1.33
Any Penalty	2.56
Rate of penalty-related exits	5.38%

B.1.2 Self-Sufficiency

Table B-4 highlights employment and earnings measures for the Clint experiment. As shown, no significant differences were found between the experimental and control group members in both the employment and earnings measures.

Table B-4. Employment and Earnings for Clint

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Employment				
Percent of quarters during which caretaker had wages of any amount	23.4%	22.1%	1.3%*	-0.01
Percent of caretakers who were employed in all 4 quarters in the year after random assignment	5.6%	5.8%	-0.2%	-0.01
Percent of caretakers who were employed in at least 3 quarters in the year after random assignment	9.8%	9.3%	0.5%	0.00
Earnings				
Average quarterly caretaker wages (including quarters of zero wages)	$430	$385	$46**	-$8
Average quarterly caretaker wages (excluding quarters of zero wages)	$1,840	$1,741	$98	-$1.97
Average quarterly family wages earned	$601	$544	$58**	-$21.57
Percent of quarters during which caretaker wages exceeded 155% of poverty	0.2%	0.1%	0.1%	0.08%
Percent of quarters during which family earnings exceeded 155% of poverty	0.2%	0.1%	0.1%	0.00

*** significant at 1% level
** significant at 5% level
* significant at 10% level

B.1.3 Participation in Workforce Development Services

Since the Clint Office does not offer Choices services due to remoteness, participants in the Clint experiment can participants in JTPA activities to enhance their workforce skills. As shown on Table B-5, no significant differences were found between the experimental group and the control group members in JTPA participation rate.

Table B-5. Workforce Development Participation for Clint

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Actual hours of Choices participation				
Percent participating in Choices program				
Percent participating in JTPA	1.07%	1.16%	-0.09%	-0.04%

*** significant at 1% level
** significant at 5% level
* significant at 10% level

B.1.4 Subsidized Child Care

Table B-6 highlights the effects of the experiment on subsidized child care (SCC). No significant differences were found between the experimental group and the control group for the percent of cases using SCC monthly and the percent of children using SCC monthly. Participants in the experimental group received a significantly smaller child care subsidy amount (per child months) than participants in the control group. This finding does not seem consistent with the earlier finding that experimental group participants had a significant higher exit rate than their control group counterparts. CSHR will investigate possible reasons for this particular finding.

Table B-6. Subsidized Child Care for Clint

	Post-Treatment Mean		Experimental -Control Difference	Adjusted Net Impact
	Experimental	Control		
Percent of cases using SCC monthly	1.09%	1.14%	-0.05%	-0.05%
Percent of children using SCC monthly	0.85%	0.99%	-0.14%**	-0.08%
Subsidy per child-month using SCC	$181	$192	-$11	-$50***

*** significant at 1% level
** significant at 5% level
* significant at 10% level

B.1.5 Summary of Clint Results

Since the Clint experiment data did not pass all the tests of random assignment, the findings reported in this section are tentative at best. CSHR and DHS researchers are currently investigating possible reasons for the differences in the demographic characteristics between the experimental group and control group participants. Very few differences between the experimental and control groups in the Clint experiment were observed for the period of study included in this report. Positive net impacts were observed only for total exits and transfer to medical assistance status while a negative impact was observed for the amount of child care subsidy used. These results, however, are tentative since the participants in the treatment group and the control group did not pass all tests of random assignment. CSHR is investigating the matter and will report further findings in future reports.